

REMARKS/ARGUMENTS

Claims 1-73 are pending in this U.S. Patent Application No. 09/903,444 (the "'444 Application"), with claims 63-73 newly added. No new matter is introduced. Claims 1-62 stand rejected under 35 U.S.C. §103(a). Applicants submit that the amendments and remarks herein below overcome all rejections of claims 1-62.

CLAIM REJECTIONS – 35 U.S.C. §103 – KANOH IN VIEW OF MUFTIC

Claims 1-43:

Claims 1-43 stand rejected as being unpatentable over U.S. Patent No. 5,934,439 ("KanoH"), in view of U.S. Patent No. 5,943,423 ("Muftic"). Applicants respectfully disagree and traverse the rejection.

The Examiner is respectfully reminded that, when applying 35 U.S.C. §103, the following tenets of patent law must be adhered to:

- a) The claimed invention must be considered as a whole;
- b) The references must be considered as a whole and must suggest the desirability and thus the obviousness of making the combination;
- c) The references must be viewed without the benefit of impermissible hindsight vision afforded by the claimed invention; and
- d) Reasonable expectation of success is the standard with which obviousness is determined. MPEP §2141.01, *Hodosh v. Block Drug Co., Inc.*, 786 F.2d 1136, 1134 n.5, 229 U.S.P.Q. 182, 187 n.5 (Fed. Cir. 1986).

In addition, it is respectfully noted that to substantiate a *prima facie* case of obviousness the initial burden rests with the Examiner who must fulfill three requirements. **First**, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the references or to combine reference teachings. **Second**, there must be a reasonable expectation of success. **Finally**, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on Applicant's disclosure. (emphasis and formatting added) MPEP § 2143, *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

Claim 1:

Thus, in order to establish a *prima facie* case of obviousness over claim 1, Kanoh in view of Muftic must teach or suggest a method for distributing optical recorded media to and from users, including all of the following elements:

- (a) coupling one or more kiosks to a central server via the Internet, each of the kiosks containing a plurality of optical recorded media;
- (b) automatically interfacing with a first user at a first kiosk in a first transaction for first local optical recorded media, the first local optical media contained within the first kiosk, the first kiosk being one of the kiosks, the first user being one of the users;
- (c) automatically communicating between the first kiosk and the server to authorize the first transaction; and
- (d) dispensing the first local optical media to the first user if the first transaction is approved.

The Examiner states that Kanoh shows "kiosks (3) which dispense CDs, see col. 1, lines 7-12)". Office Action of 4/26/2005, pages 2-3. Respectfully, Applicants disagree. This passage relates the Field of the Invention, not Kanoh's invention as disclosed in the specification and drawings. For example, Kanoh specifically recites "an automatic renting system and apparatus for *video cassettes*." Kanoh col. 4, lines 16-18. As is known in the art, cassettes are magnetic media, not optical media. Muftic does not teach, suggest or mention Applicants' optical media, instead, Muftic concerns smart card technology. Muftic col. 2, lines 17-19. Thus, Kanoh in view of Muftic fails to teach or suggest each and every limitation of claim 1.

Further, the Examiner has not considered Applicants' invention as a whole, as is required when applying 35 U.S.C. §103. See above tenants of patent law. The Examiner recognizes that Kanoh does not disclose electronically transmitting a receipt to a user. However, claims 1-43 do not include the limitation of a receipt. Respectfully, the Examiner appears to have simply copied a rejection from the Final Office Action issued in parent application no. 09/578,631 ("the '631 Application") and pasted it into the pending Office Action, without consideration of the pending claims. Applicants thus request consideration of claims 1-43 and clarification of the Examiner's rejection.

Supposing the Examiner meant to reference a different feature of Muftic in order to formulate a 35 U.S.C. §103 argument against claims 1-43, Applicants must point out that

there is no motivation to combine Kanoh and Muftic. Without such motivation, an 103 rejection cannot be substantiated. We note:

“The mere fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination.” MPEP, §2143.01, discussing *In re Mills*, 916 F.2d 680, 16 USPQ2d 1430 (Fed. Cir. 1990).

The Examiner states that it would have been obvious to provide the device of Kanoh with means to electronically transmit a receipt, and that "The motivation of such a change would have allowed the customer a complete record of the transaction" (Final Office Action, p. 2-3). Again, ignoring for a moment the fact that a receipt is irrelevant to claims 1-43, no teaching or suggestion to make the claimed combination is found in Muftic or Kanoh. In fact, the prior art teaches away from such a combination.

If a proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification. *In re Gordon*, 733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984). Combining Kanoh and Muftic would render Kanoh unsatisfactory for its intended purpose, for example, because "it is an object of [Kanoh's] invention to provide an automatic commercial article renting system which can appropriately handle the case when a rented article is not returned even after a set returning period" (col. 2, lines 5-8).

In order to achieve this objective, the user agrees in advance to rental conditions, which include the automatic deduction of sale charges from an account of the credit card if the rented item is not returned on time (see col. 2, lines 33-43, also FIG. 8). Although it appears that the user is present to authorize the initial rental charge deduction from his/her credit account, the user does not have to be present for the later and separate sale of the cassette to be processed: "when a rented article is not returned by the end of the renting period, it is regarded as being sold to the member who rented the article and the sale charge is automatically deducted from the account of the credit card. Advantageously, management does not need to press users return rented articles on time" (col. 2, lines 33-38).

If Kanoh were modified to include the means to transmit a receipt specified in Muftic (which still would not include all elements of claim 1), then charges could no longer be automatically deducted from a renter's credit card, because Muftic's means to electronically transmit a receipt require a smart card (e.g., the smart card initiates the transaction resulting in the receipt, and it is the sole recipient of the receipt). Muftic recites, "The ability to link a

smart token to its owner in ways that no one but the owner can use it, is an important characteristic of the system of the invention" (col. 19, lines 4-6). There is no provision within Muftic for electronic charges made by a system, without the user being present to initiate and authorize the charges. There is likewise no provision for pre-authorization of charges. Without such provisions, automatic deduction of sale charges could not occur, since the renter would have to be present for such sale charges to be made. Management would thus have to press users to return rented articles, on time or otherwise, thus eliminating Kanoh's touted advantage (see quotation from col. 2, lines 33-38, above) and thus rendering Kanoh's invention unsatisfactory for its intended purpose.

Kanoh in view of Muftic not only fails to teach each and every limitation of claim 1; the combination also lacks motivation. The references cannot, therefore, render claim 1 obvious under 35 U.S.C. §103; reconsideration is requested.

Claims 2-41 depend from claim 1 and benefit from like arguments. However, these claims have additional features that patentably distinguish over Kanoh in view of Muftic.

Claim 2: Claim 2 further differs from Kanoh in view of Muftic, at least because the combination does not teach or suggest returning a first optical media to a second kiosk, as in claim 2; indeed, Kanoh discloses "It is not unusual for a user to erroneously return the wrong video cassette." Kanoh col. 9, lines 54-55. "When the video cassette is erroneously returned, notice is provided to the user instructing them to remove the video cassette from the renting and returning opening 36." Kanoh col. 6, lines 13-16. Kanoh does not teach or suggest returning a cassette to an apparatus other than that from which the cassette was originally rented. Absent such teaching, a "wrong" video cassette would logically include one not rented from the apparatus at which a user attempts a return. Muftic does not teach, suggest or even mention returning any physical item to a kiosk.

Claims 3-5: Claim 3 is additionally patentable over Kanoh in view of Muftic. For example, Kanoh in view of Muftic fails to teach or suggest the following elements:

- capturing a digital image of a first code on a first optical media, or
- scanning the image to determine a group identifier, the group identifier indicating which of the kiosks the first optical media may be returned to.

Kanoh makes no mention of digital technology. Kanoh concerns magnetic, not optical, media. Further, Kanoh does not scan to determine which kiosk a media (magnetic or optical) may be returned to, but only determines "Based on the information from the reader 61...whether the returned video cassette can be returned to a designated storage shelf 33 in

the storage portion 32." Kanoh col. 6, lines 1-4. Determining *whether* a media may be returned is different from determining *where* a media may be returned. See also argument in support of claim 2. Muftic, as noted, does not teach or suggest Applicants' optical media, instead concerning smart card technology. In addition, Muftic does not capture a digital image of a code, on optical media or even on smart cards. Rather, Muftic discloses that the smart card's presence is "detected by the card reader, (either by inserting the card into a slot or by sensing return RF energy)". Muftic, col. 10, lines 63-65. Muftic is also completely silent as to group identifiers and return of optical media to kiosks.

Claims 4 and 5 depend from claim 3 and benefit from like argument. Further, neither Kanoh nor Muftic teach or suggest rotating an image, via internal software to a first kiosk, and rescanning a first code to determine a group identifier (claim 4). The combined patents also fail to teach or suggest capturing a second code on an optical media and scanning the image to determine a disk identifier (claim 5). As noted, Muftic does not scan codes on optical media. Kanoh also does not scan codes on optical media. Further, Kanoh makes no mention of scanning a second code on the magnetic media disclosed therein, reciting only one "bar code adhered on the video cassette." Kanoh col. 7, lines 50-51.

Claim 6: Claim 6 depends from claim 5 and benefits from like argument. Claim 6 also recites rotating an image, via internal software, and further recites rescanning a second code to determine the disk identifier. Kanoh also discloses reading such a bar code once, and making a judgment, not re-scanning: "In the event that the identification information of the returned cassette as read by the reader 61 indicates that the cassette is not one under management of the automatic renting apparatus 3, or when the identification information of the video cassette cannot be read, a judgment is made that returning operation is not possible (step ST73)." Kanoh, col. 8, lines 33-38. As noted, Muftic is silent as to rotating images. Muftic also fails to teach rescanning scanning codes on cassettes.

Claims 7-9: Claims 7-9 depend from claim 3, and benefit from like argument. Further patentable distinctions of these claims include:

- (a) a second kiosk being the first kiosk (claim 8);
- (b) sensing characteristics of a case housing the first optical media (claim 9);
- (c) determining if the characteristics match predetermined characteristics associated with the first kiosk (claim 9), and
- (d) opening a door to an input/output slot of the first kiosk to accept the case and optical media when the characteristics match (claim 9).

Muftic does not teach kiosks. Muftic also does not teach sensing characteristics of a case. Muftic thus cannot determine whether sensed characteristics of the case match predetermined characteristics, nor can Muftic open an input/output slot of a kiosk to accept a case and optical media when scanned and predetermined characteristics match.

Kanoh does not teach or suggest sensing characteristics of a case. For example, the instant application discloses such sensing as follows: "...the case sensor is an optical sensor formed by a hole and a blocked zone; the kiosk picks up the right sequence to accept that housing to the kiosk." Page 5, lines 1-2 of the specification. Kanoh, in contrast, discloses reading a bar code from a cassette (see argument in support of claim 6, above). Also, Kanoh does not teach or suggest opening a door to an input/output slot of the first kiosk to accept the case and optical media when the characteristics match the predetermined characteristics. Instead, in Kanoh, a cassette is inserted into a return opening *before* reading a bar code: "During a returning control operation, when the return key 37c is pressed, the renting and returning opening 36 is opened to receive the video cassette (step ST71). The identification information, such as bar code adhered on the video cassette is read by the reader 61 (step ST72)." Kanoh col. 7, lines 47-49. This is different from at least one embodiment of this present application, wherein as supported by the specification, "the kiosk will not open its door to accept a housing with optical media unless the kiosk first detects the case sensor." Page 5, lines 3-4 of the specification.

Claim 10: Claim 10 depends from claim 9, and benefits from like argument. Additionally, neither Kanoh or Muftic teach or suggest predetermined characteristics (e.g., associated with a kiosk) defined by physical structure of a case. For example, neither patent discloses or suggests "a special optical media housing, typically in the form of a DVD case, with a "lock and key" structure to facilitate automated rental returns... each such housing has a sensor, e.g., a magnetic actuator, attached thereto; the kiosk senses the actuator to determine that the case belongs to the kiosk (or to one of a connected array of kiosks grouped or linked to the central server)." Page 4, lines 30-34 of the Specification.

Claim 11: Claim 11 depends from claim 10 and benefits from like argument. Further, the Kanoh and Muftic patents do not teach or suggest, alone or in combination, physical structure forming one or more holes and one or more blocked regions in a case, or sensing characteristics comprises sensing the holes and blocked regions. See page 5, lines 1-2 of the specification, quoted above in support of claims 7-9.

Claim 12: Claim 12 requires tracking of optical media between the first kiosk and the one kiosk, the step of tracking being accomplished at the central server. Neither Kanoh nor Muftic teach or suggest tracking movement of inventory between kiosks. As noted above with respect to claim 2, Kanoh does not teach or suggest accepting optical media from one kiosk at another kiosk; therefore, there is no provision for inventory movement in the Kanoh patent.

Claim 13: Claim 13 recites obtaining and storing one or more images through an image capturing device located within, or in proximity to, the first kiosk. As supported by the specification, an image capturing device "includes a digital camera for capturing images of persons and/or objects near to kiosk." Page 13, lines 29-30. Neither Kanoh nor Muftic, alone or in combination, teach or suggest such an image capturing device.

Claims 14-16: Claims 14-16 depend from claim 13 and benefit from like argument. Further, the Kanoh and Muftic combination does not teach or suggest imaging a person, let alone:

- imaging a person proximal to the first kiosk (claim 14);
- imaging a person interacting with the first kiosk (claim 15); or
- imaging a person conducting a user identification or credit card input at the first kiosk (claim 16)

Claim 17: Claim 17 also depends from claim 13, and further requires transmitting the images to the central server. As the Kanoh and Muftic patents do not teach or suggest the images of claim 13; neither can the combined patents disclose transmitting such images to a central server.

Claim 18: Among other unique elements, claim 18 also recites a second local optical media contained within a second kiosk, authorizing a second transaction for optical media, and dispensing the second local optical media at the second kiosk, if the second transaction is approved. As previously noted, Kanoh in view of Muftic does not teach or suggest transactions for optical recorded media – Kanoh concerns magnetic media, and Muftic concerns smart card technology.

Claims 19-20: Claims 19-20 depend from claim 18 and benefit from like argument. However, Claims 19 and 20 are additionally patentable over Kanoh in view of Muftic, for example because the combined patents do not disclose (a) managing first and second kiosks from a central server (claim 19), or (b) communicating advertising information from a server to a third kiosk (claim 20).

For example, the instant application recites "Multiple kiosks may further be managed from a central location, such as to provide remote maintenance and efficient operation of commonly-owned multiple kiosks through multiple locations." Page 2, lines 27-29. In contrast, Kanoh discloses management of cassettes by automatic renting apparatus 3. Kanoh, col. 8, lines 33-51. For example, "The returning management and sale control operation is a control routine which is constantly executed *in the control circuit 39 of the automatic renting apparatus 3.*" Kanoh, col. 9, lines 25-28 (emphasis added); see also FIG. 8. Kanoh is silent as to maintenance or any management performed from a central location. Muftic is completely silent as to management of kiosks.

Likewise, neither Kanoh nor Muftic mentions communication of advertising from a central server to any kiosk.

Claims 21-22: Claims 21-22 depend from claim 20, and benefit from like argument, namely, that Kanoh in view of Muftic does not teach or suggest communicating advertising from a central server to a third kiosk. In addition, the references, alone or in combination, fail to teach or suggest:

- displaying advertising information on a screen (claim 21);
- audibly communicating advertising information (claim 21), or
- communicating advertising information to the first kiosk (claim 22, reciting a method of claim 20, wherein the third kiosk is the first kiosk).

Claim 23: Claim 23 requires backing up at least part of information stored in the central server within internal memory within a first kiosk. The only back up of information disclosed in Muftic is performed by individuals. For example, "Another convenient feature of smart token digital cash is that most people could and probably would keep back up copies of their electronic bank notes, keys and other data. Thus, they could recover their funds if their token were lost or stolen." Muftic, col. 19, lines 15-19. Kanoh makes no mention of backing up information, and especially does not teach or suggest such embodiment in the context of claim 23.

Claims 24-25: The combined patents do not teach or suggest communicating advertising information based upon profiling of user transactions, as in claim 24. The Examiner recognizes this in the final Office Action issued in the '631 Application (see page 4, second full paragraph of the final Office Action). Claim 25 depends from claim 24 and benefits from like argument.

Claims 26-28: Claim 26 differs from Kanoh in view of Muftic at least because the combined patents do not teach or suggest managing a group of kiosks through a central server via a personal computer. Claims 27 and 28 depend from claim 26, thus benefiting from like argument. Further, the combined patents also fail to teach or suggest managing advertising information, as in claim 27 (see also arguments in support of claims 24-25), or determining inventory via a personal computer, as in claim 28.

Claim 29: Claim 29 requires determining inventory via Internet access through the central server. As further described in the specification, "...a system of the invention provides real time inventory of connected kiosks. A user of the system can access the Internet and review the DVDs available at any of the connected kiosks." (p.6, lines 17-19; ¶ [0022]). Neither Kanoh nor Muftic, alone or in combination, teach, suggest or mention such features.

Claim 30: Claim 30 is additionally patentable over Kanoh in view of Muftic at least because the combination does not teach or suggest emailing discount coupons to a user through the internet based upon inventory. Coupons are not mentioned, at all, by Kanoh or Muftic, let alone e-mailing coupons (Kanoh is completely silent as to any type of e-mail, and Muftic mentions e-mailing only an electronically signed check to a payee's computer. Muftic, col. 13, lines 49-51.

Claim 31: Claim 31 further differs from Kanoh in view of Muftic in the additional limitation of identification of alarm states associated with a kiosk. As described in the instant application, central server 103 polls the kiosks and generates alarm states if information from the kiosks is not normal. "Alarm states may be generated for any of a variety of reasons, for example indicating: that kiosk 200 is not on; an incorrect inventory; security breaches; incorrect readings by any internal device or sensors; and combinations thereof." Page 14, lines 16-19 of the Specification. The combined references do not teach or suggest polling kiosks or generating alarm states. For example, Muftic is completely silent as to either limitation. Kanoh does not poll kiosks, and the only alarms in Kanoh are generated "In the event that the identification information of the returned cassette as read by the reader 61 indicates that the cassette is not one under management of the automatic renting apparatus 3, or when the identification information of the video cassette cannot be read". Kanoh discloses that in such a case, "After issuing an alarm, if the user does not remove the video cassette from the renting and returning opening 36 (step ST92), the video cassette is stored in a vacant storage shelf among the auxiliary storage shelves 30a of the auxiliary storage portion 30." Kanoh col. 8, lines 33-51.

Claim 32: Claim 32 depends from claim 31, and is additionally patentable over Kanoh in view of Muftic because the combination does not teach or suggest sending information about alarm states to an administration associated with a central server.

Claim 33: Claim 33 depends from claim 32 and recites the further limitation of communicating one or both of voice and text messages to the administration as a message communicated by one or more of a mobile phone, pager, email and other wireless device. These embodiments are not taught, suggested or even mentioned by Kanoh and/or Muftic.

Claims 34-37: Claim 34 requires generating automatic promotions at one or more kiosks. This feature is also entirely absent from Kanoh and Muftic, alone or in combination.

Claims 35 depends from claim 34 and benefits from like argument. Claim 35 includes the additional limitation of processing unique promotion codes. Both the Kanoh and Muftic patents are silent as to promotion codes.

Claims 36-37 depend from claim 35 and benefit from like argument. Further, neither Kanoh nor Muftic teaches or suggests obtaining promotion codes from a touch screen (claim 36) or obtaining promotion codes from a magnetic card swipe through a reader (claim 37).

Claim 38: Kanoh in view of Muftic does not teach or suggest distributing coupons to users, as in claim 38.

Claims 39-40: Claim 39 further differs from Kanoh in view of Muftic, again because the combination does not teach or suggest distributing coupons at all, let alone distributing coupons to users of a kiosk. Claim 40 depends from claim 39, and is additionally patentable over the combination of Kanoh and Muftic because the combination does not teach or suggest distributing a coupon activated by a transaction at a kiosk.

Claim 41: Claim 41 includes the additional limitation of administering kiosk business data through a remote web-interface. Kanoh in view of Muftic is silent as to the administration of kiosk business data.

Independent claim 42: Applicants' claim 42 recites a kiosk for coordinated operation within a system for distributing optical recorded media to users at a plurality of locations, a central server controlling system, the kiosk comprising:

- (a) a housing, and a rotatable carousel within the housing, for storing an array of optical media;
- (b) a user interface for accepting user inputs, including a selected optical media from the array of optical media, and for displaying information;
- (c) a reader for scanning user authorization information;

- (d) a processor controlling the kiosk in communication with the central server;
- (e) an input/output mechanism for dispensing and receiving one or the array of optical media through a slot in the mechanism;
- (f) the carousel rotating in response to commands by the processor to align the selected optical media with the slot and the input/output mechanism dispensing the selected optical media when the central server communicates, to the kiosk, acceptance of the authorization information.

Kanoh in view of Muftic does not render claim 42 *prima facie* obvious, at least because, as noted with respect to claim 1, there is neither motivation to combine references, nor does the combination teach or suggest each and every limitation of the claims. For example, the combination does not teach or suggest a system for distributing *optical* recorded media. In addition, claim 43 recites a carousel for storing an array of optical media, the carousel rotating in response to commands by a processor to align selected optical media with a slot in the mechanism. Kanoh in view of Muftic does not teach a carousel. The Examiner has noted this in the final office action in the '631 Application, and finds it necessary to submit a further reference in the pending office action, in order to add the element of a carousel (this is addressed herein below, with respect to the rejection of claims 42-62). Again, the pending office action appears to be a cut-and-paste from the final office action in the '631 Application, prepared without regard for the actual content of the pending claims. Applicants reiterate their request for examination of the pending claims, and clarification of the Examiner's grounds for rejection.

Claim 43: Claim 43 depends from claim 42, and benefits from like argument. Further, Kanoh in view of Muftic does not mention a touch screen.

For at least the reasons laid out herein above, Kanoh in view of Muftic does not anticipate claims 1-43. Applicants thus respectfully request examination of the pending claims in the instant application, consideration of the above arguments, withdrawal of the Examiner's rejections, and allowance of claims 1-43.

CLAIM REJECTIONS – 35 U.S.C. §103 – KANOH IN VIEW OF MUFTIC AND REID

Claims 42-62:

Claims 42-62 stand rejected as being unpatentable over Kanoh in view of Muftic and further in view of U.S. Patent No. 4,915,205 ("Reid"). Applicants respectfully disagree and traverse the rejection.

The Examiner is again asked for clarification of the claim rejections. The Examiner rejects of claims 42-62 on the grounds including a purported receipt – **an element that is not present in the claims**. Such a rejection is inappropriate, and indicates that the claims have not been properly considered.

However, whatever the reason for the Examiner's §103 rejections, Kanoh in view of Muftic and Reid does not render claims 42-62 *prima facie* obvious.

Claim 42: Again, in order to establish a *prima facie* case of obviousness over claim 42, the combined references must teach or suggest each and every limitation of the claim. Further, there must be some suggestion or motivation to modify the references or to combine reference teachings. As noted with respect to claim 1 herein, there is no motivation to combine Kanoh and Muftic. Further, the combination does not teach or suggest each and every limitation of the claim, for example, a system for commerce of optical media is not disclosed. Adding Reid does not remedy this failure.

For example, claim 42 requires a housing, and a rotatable carousel within the housing, for storing an array of optical media. Reid does not teach a carousel for optical media, but a magazine for magnetic media, specifically, video cassettes. Reid discloses "the magazine for carrying the articles, that is to say the video cassettes, is preferably constructed as a cylindrical drum with a plurality of radially extending compartments for the individual cassette." Reid, col. 2, lines 55-58. Again, video cassettes are magnetic media, not optical media.

Furthermore, Applicants' carousel is patentably distinguishable over Reid's drum. Reid recites and depicts a drum "composed, as shown in FIG. 3, of individual cassette containers 322 and 324 arranged side by side on two diameters..." Reid col. 4, lines 11-13, see also FIG. 3. This is not the same as Applicants' carousel.

For example, in at least one embodiment, "Carousel 950 is preferably extruded as a series of parts" including "inner ring extrusion 950b...spoke extrusion 950c...outer ring extrusion 950d...the center extrusion hub 950a has the inside portion 1200 of the disk alignment fins and slots for the spoke extrusions 950c...the spoke extrusions 950c are

notched at 1202 to align with the slots in the center extrusion hub 950a and ring extrusions 950n, 950d...outer ring extrusion 950d contains outside disk alignment fins 1204 and is also slotted at 1206 to accept spoke extrusions 950c." Page 20, lines 23-31 of the Specification, see also FIG. 18. Reid does not teach or suggest a carousel with a center hub extrusion with disk alignment fins or slots; spoke extrusions, or slotted ring extrusions with outside disk alignment fins.

Claims 43-62 depend, directly or through intervening claims, from claim 42, and thus benefit from like argument – for one, that Kanoh in view of Muftic and further in view of Reid fails to teach or suggest each and every limitation of the claims. However, there are additional patentable distinctions within claims 43-62, including but not limited to the following.

Claim 43: Claim 43 requires a touch screen. As noted, Kanoh in view of Muftic does not mention a touch screen. The instant application discloses "a computer in the kiosk generates a touch-selectable list of available media...Touching an image causes basic information to be displayed about that media such as cost and rating, along with an option to rent or purchase the media." Page 10, lines 29-34. There is no such provision within Reid. Rather, a user "is asked to make his selection of cassette through the keyboard 16. " Reid col. 5, lines 57-58.

Claims 44-46: Additional reasons for patentability of claims 44-46 at least include an array of DVDs, as in claim 44, and a club card number, as in claim 45, and a plurality of spoke and ring extrusions, as in claim 46. These embodiments are absent from Kanoh in view of Muftic and Reid. For example, none of the combined patents recite an array of DVDs. They are likewise silent as to a club card number.

As to claim 46, as noted above with respect to claim 42, Reid's drum does not include Applicants' spoke or ring elements. As described in an embodiment of the instant application, the spoke extrusions are notched to align with slots in the center extrusion hub and ring extrusions. The outer ring extrusion contains disk alignment fins and is slotted to accept spoke extrusions. Page 20, lines 28-31 of the Specification, quoted above; see also FIG. 18. Reid teaches no such features.

Reid is also silent as to Applicants' slots for an array of optical media. For example, in at least one embodiment, "each slot 951 of carousel 950 holds one optical media disk within a case".. Page 18, lines 19-20 of the Specification, see also FIG. 11. Reid does not recite a slot for holding optical media. Instead, Reid depicts and recites "The drum 32 is

composed, as shown in FIG. 3, of individual cassette containers 322 and 324 arranged side by side on two diameters, each container being large enough to contain a cassette while held within a transparent case." Reid, col. 4, lines 11-15 and FIG. 3. A container is not a slot.

Claim 47: Claim 47 depends from claim 46, and additionally recites a hub extrusion forming a center of the carousel, the hub extrusion coupling with the spoke extrusions. Coupled hub and spoke extrusions are absent from Kanoh in view of Muftic and Reid.

Claim 48: Claim 48 also depends from claim 46 and benefits from like argument. Further, as noted, Kanoh in view of Muftic and Reid does not disclose or suggest Applicants' inner and outer ring extrusions (see arguments in support of claims 42 and 46, above), and so cannot teach or suggest a series of such extrusions.

Claim 49: Claim 49 also depends from claim 46 and benefits from like argument. Claim 49 also recites a carousel constructed and arranged to hold approximately 102 optical recorded media. As explained herein above, Kanoh in view of Muftic and Reid fails to teach or suggest Applicants' carousel. In addition, Kanoh in view of Muftic and Reid does not address optical media, nor does the combination mention of a set number of optical recorded media.

Claim 52: The combined patents do not teach or suggest a digital camera for capturing a digital image of the returned optical media. Kanoh and Muftic are completely silent as to a camera. Reid discloses imaging the bar code only, not the media: "the bar code may be imaged onto a camera so that its image may be scanned electronically rather than mechanically." Reid, col. 3, lines 34-37. The instant application describes taking a picture of the entire optical media itself, then reading a bar code from the picture of the media. Page 5, lines 19-23.

Claim 53: The limitations of claim 53, in the context of claim 43, are not taught or suggested by Kanoh in view of Muftic and Reid.

Claim 54: Claim 54 recites a processor rotating an image if the processor fails to decode bar codes of the image, and the processor scanning the rotated image to decode one or more bar codes of the returned optical media. Rotating an image is not disclosed by the combined references; therefore, a processor with such capabilities is also not disclosed by Kanoh in view of Muftic and Reid.

Claim 55: Claim 55 recites additional features that are absent from Kanoh in view of Muftic and Reid, such as a first case sensor light and a first case sensor, and a processor

that determines whether a case may be accepted based on signals from the first case sensor. For example, Applicants' case sensor is described as "an optical sensor formed by a hole and a blocked zone; the kiosk picks up the right sequence to accept that housing to the kiosk... the kiosk will not open its door to accept a housing with optical media unless the kiosk first detects the case sensor." Page 5, lines 1-4 of the Specification. Reid and Muftic do not teach case sensors. Kanoh discloses "when the return key 37c is pressed, the renting and returning opening 36 is opened to receive the video cassette...Detection of whether a video cassette is already stored in the corresponding storage shelf 33 can be done with a sensor mounted on the gripper 35b of the transporting mechanism 35. Alternatively, sensors are provided in each individual storage shelves 33 to detect vacancy or not of the corresponding storage shelf 33." Kanoh, col. 7, line 47 – col. 8, line 6. First, Kanoh's sensors are on structures within the renting apparatus, so the media must be inside the apparatus before sensing occurs. This is different from Applicants' sensors which sense before the media is deposited in the kiosk. Second, Kanoh's sensors are not described as Applicants', above. Third, Kanoh is silent as to a sensor light. Muftic and Reid are also completely silent as to a sensor light.

Claim 56: Claim 56 depends from claim 55 and benefits from like argument. Further, the combined patents also fail to teach or suggest a second case sensor light and a second case sensor, as disclosed in the instant application.

Claim 58: Claim 58 is additionally patentable over the combined patents because, as noted, they do not disclose optical recorded media within a carousel. See arguments in support of claims 42 and 46, above.

Claim 59: Claim 59 includes the additional limitation of a first motor for rotating the carousel, and a second motor connected to one or more cams for opening and closing a door to the input/output mechanism. The first and second motors are responsive to controls by the processor and/or the central server.

As the Examiner notes, Kanoh in view of Muftic does not disclose a carousel. Reid discloses a drum with a drum motor and a shutter motor. Reid col. 6, lines 10-20. However, Reid's drum is not the same as Applicants' carousel, and neither of Reid's motors are connected to cams, instead operating by a belt-and-tooth connection: "it is preferred to secure to the outer circumference of the drum a toothed belt of the same diameter, the teeth pointing radially outwards. The belt may be secured, for example, by rivets. The teeth of the belt can now be directly engaged by teeth on a cog driven by the motor." Reid col. 3, lines 17-22.

Further, Reid does not teach or suggest a central server, so Reid cannot teach or suggest first and second motors responsive to controls of a central server.

Claim 60: Claim 60 further differs from Kanoh in view of Muftic, and further in view of Reid at least because the combination does not teach or suggest a case presence sensor for detecting whether a case is within a slot. For example, the instant application discloses a case presence sensor such as "A reflective optical sensor 986" for sensing the presence of a case in a slot. Page 19, lines 3-4. Muftic does not teach, suggest or mention a case presence sensor. Kanoh discloses only sensors for determining vacancy or occupation of storage shelves: "sensors are provided in each individual storage shelves 33 to detect vacancy or not of the corresponding storage shelf 33." Kanoh col. 8, lines 4-6. Reid also fails to teach or suggest such a case presence sensor. Reid discloses only a bar code reader that reads a bar code on a cassette case once the cassette case has fallen through a shutter and landed in its position on a magazine: "The computer now knowing the container to which the cassette is to be returned rotates the drum from its datum position and on reaching the desired position opens the shutter 40 so that the cassette may be replaced in its proper position. Because of the slope of the containers, the cassette will slide to the back of the container. ***After closing of the safety interlock flap, the shutter closes and the drum is rotated until the returned cassette passes by the bar code readers 330.***" Reid col. 6, lines 58-66, emphasis added.

Claim 61: Claim 61 requires a feedback sensor and an eject arm, the feedback sensor sensing position of the eject arm for dispensing or retrieving optical media through the slot. Again, Kanoh discloses only bar code readers. Feedback sensors are nowhere mentioned within Kanoh. Muftic is absolutely silent as to feedback sensors or an eject arm. Reid discloses neither feedback sensors nor an eject arm. Rather, in Reid, an aperture is aligned with a video cassette container and the drum motor stops when the aligned position is reached. "The shutter motor is then operated to open the appropriate aperture 20, 22 and at this point the user may remove the cassette from the container." Reid col. 6, lines 18-20; see also Reid col. 6, lines 10-17.

For at least the reasons laid out herein above, Kanoh in view of Muftic, and further in view of Reid does not anticipate dependent claims 42-62. Applicants thus respectfully request withdrawal of the rejection and allowance of claims 42-62.

In summary, Applicants have shown why claims 1-62 are patentably distinguishable over Kanoh, Muftic and Reid, taken alone or in any combination and regardless of the Examiner's intended grounds of rejection under 35 U.S.C. §103. In view of the above amendments and remarks, Applicants have addressed all issues raised in the Office Action dated April 26, 2005. The arguments presented herein apply equally to new claims 63-73. Claims 63-73 do not introduce any new matter; thus, Applicants respectfully solicit a Notice of Allowance for all of claims 1-73. Should any issues remain, the Examiner is encouraged to telephone the undersigned attorney.

Applicants previously paid for 62 total claims, including two independent claims. Five independent claims and 73 total claims are now pending. Applicants are required to pay for any independent claims over three, plus 11 total new claims. The Commissioner is thus hereby authorized to charge the \$475 fee (\$200 for two new independent claims, plus \$275 for 11 new claims) to Deposit Account No. 12-0600. No further fees are believed due; however, if any fee is deemed necessary in connection with this Amendment and Response, the Commissioner is hereby authorized to charge the above Deposit Account.

Respectfully submitted,

LATHROP & GAGE LC

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